

VZCZCXYZ0010
PP RUEHWEB

DE RUEHMU #0733 0931601
ZNR UUUUU ZZH
P 031601Z APR 06
FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC PRIORITY 5800
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
RUEHZP/AMEMBASSY PANAMA 1504
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHINGTON DC

UNCLAS MANAGUA 000733

SIPDIS

SENSITIVE
SIPDIS

DEPARTMENT FOR WHA/CEN

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [KCRM](#) [NU](#)

SUBJECT: NICARAGUAN MEDIA TRUMPETS FIRST HEARING IN PANAMA MONEY LAUNDERING CASE AGAINST ALEMAN

¶1. (U) The March 30 preliminary hearing in the Panamanian money laundering case against ex-President Arnoldo Aleman, ex-Director of Taxation Byron Jerez and several of their family members and associates made banner headlines in the national media on March 31. Through elaborate money laundering schemes, these individuals stole tens of millions of dollars from the Nicaraguan state during the Aleman administration (1997-2002). The previous day's local media had focused on the last-minute removal of the original judge from the case. These reports focused on credible allegations that Byron Jerez paid bribes to remove the judge and to convince the replacement judge to drop all charges against him.

¶2. (U) On March 31, the Nicaraguan media focused on the substance of the March 30 preliminary hearing, noting the wealth of evidence presented by Panamanian prosecutors--23 large tomes containing over two thousand different documents. The media also highlighted the emphasis of AlemanQ,s defense attorneys on spurious technical arguments, without any effort to deny that the money laundering took place. The papers also noted that both JerezQ,s lawyers and ex-Treasury Minister Esteban Duque Estrada have now argued that Aleman was the key figure in the entire money laundering scheme, while all the other players were only obeying his orders. Finally, local media emphasized that Panamanian prosecutors asked the judge to issue arrest warrants for Aleman, Jerez, and AlemanQ,s wife and father-in-law, among others.

¶3. (U) In typical fashion, the PLC continues to reject all accusations and evidence against Aleman as politically motivated. National Assembly Wilfredo Navarro stuck to the party line on March 30, claiming that no evidence exists against Aleman and blaming the Bolanos administration and the USG for "orchestrating" the trial against Aleman in Panama. During a weekend press interview of presidential-hopeful Jose Rizo, when he was queried about his views on AlemanQ,s corruption, he quipped, "What corruption?" AlemanQ,s strategy throughout has been to deny all evidence, no matter how obvious or overwhelming, and to try to delay or block progress in the Panama case by every possible means.

¶4. (SBU) We understand that the Panamanian substitute judge will now have over a month to decide whether Aleman, Jerez, or anyone else should go to trial in the money laundering case. If Jerez has indeed bought his exoneration in advance, it remains to be seen whether the outcome will somehow clear Aleman as well, or pin exclusive responsibility on the ex-president. (Comment: Despite the delays and machinations of Aleman and cronies to derail the Panama case, even the fact that it is drawing extraordinary coverage here could generate considerable public sentiment against Aleman. The news will have especially strong impact on the same day the PLC holds its mini departmental conventions to vote on its presidential candidate. Post greatly appreciates Embassy Panama's efforts to emphasize the importance of due process in the Aleman/Jerez case to the Panamanian authorities, as

well as Embassy Panama's formal and informal reporting on
developments in the case.)
TRIVELLI